

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AGR-05 AGRE-00 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

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GUATEMALA PLEASE PASS TO AGATT

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TAGS: ETRD, EAGR, EPAP, HO

SUBJECT: CONSULTATIONS ON THE 1976 MEAT IMPORT PROGRAM

SUMMARY: IN CONSULTATIONS WITH THE MINISTER OF ECONOMY AND PRIVATE SECTOR REPS WE REVEIUED THE STATUS OF THE MEAT IMPORT PROGRAM AND THE STATUS OF HONDURAS IN IT. THE HONDURANS PRESSED HARD FOR EXPANDED ACCESS TO THE U.S. MARKET TO ACCOMMODATE THEIR ESTIMATED 10 MILLION POUND EXCESS THIS YEAR. WE TOLD THEM THERE WAS NO CHANCE OF AN INCREASE IN THE PROGRAM AND THAT WE WOULD NOT ENCOURAGE ANY EXPORTING COUNTRIES TO EXPECT A SHORTFALL TO BE DECLARED OR REALLOCATED THIS YEAR. END SUMMARY

1. PAUL TAYLOR, EEB/OFPPQGN AND JOHN STAHLMAN, EMB ECOMOFF, MET SEPTEMBER 3 WITH MINECON VICENTE DIAZ AND JOSE MARTINEZ, DIRECTOR DEPARTMENT OF FOREIGN TRADE, TO CONSULT ON THE MEAT IMPORT PROGRAM.

2. TAYLOR REVIEWED PROVISIONS OF THE MEAT IMPORT ACT, OPERATION OF THE VOLUNTARY RESTRAINT PROGRAM AND THE DOMESTIC MEAT

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SITUATION IN THE U.S. NOTING THAT AS OF AUGUST 14 IMPORTS

FROM HONDURAS HAD REACHED 73.5 PERCENT OF THE BILATERAL RESTRAINT LEVEL, WE EXPRESSED THE HOPE THAT HONDURAS WOULD TAKE THE NECESSARY STEPS TO PREVENT ITS RESTRAINT LEVEL FROM BEING REACHED BEFORE THE END OF THIS YEAR. FOR OUR PART, THE USG WOULD ISSUE REGULATIONS, IF NECESSARY, TO PREVENT IMPORTS FROM HONDURAS FROM EXCEEDING THE RESTRAINT LEVEL.

3. THE MINECON SAID THAT IN FACT HE HAD BEEN EXPECTING THE CONSULTATION TO PRODUCE GOOD NEWS, E.G., ANNOUNCEMENT OF AN INCREASE IN THE HONDURAN RESTRAINT LEVEL OR REALLOCATION OF PART OF A DECLARED SHORTFALL TO HONDURAS. TAYLOR EXPLAINED THAT THERE WAS NO POSSIBILITY THAT THE PROGRAM WOULD BE INCREASED IN 1976 AND ALSO THAT WE WOULD NOT WANT TO ENCOURAGE EXPORTING COUNTRIES TO EXPECT ANY SHORTFALL TO BE DECLARED. A DETAILED REVIEW OF THE RECORD OF ALL PARTICIPATING COUNTRIES ENSUED. WE PROVIDED DATA ON IMPORTS FROM ALL COUNTRIES THROUGH AUGUST 14 AND ADVISED MINISTER DIAZ THAT SIMILAR INFORMATION WAS BEING PROVIDED THE HONDURAN EMBASSY IN WASHINGTON ON A WEEKLY BASIS. DIAZ ASKED IF WE COULD INCREASE ALLOCATIONS BY REDUCING THE PROGRAM'S CUSION LEVEL, AND WE EXPLAINED WHY THIS COULD NOT BE ACCOMPLISHED.

4. MINISTER DIAZ ASKED FOR COMMENT ON A REPORT THAT THE U.S. HAD INCREASED THE RESTRAINT LEVEL OF COSTA RICA BY ONE MILLION POUNDS WITHIN THE PAST FEW DAYS. TAYLOR INFORMED HIM THE REPORT WAS NOT TRUE. INCIDENTALLY, AN INDUSTRY SOURCE IN MANAGUA REPORTED THIS SAME RUMOR TO TAYLOR SEPTEMBER 2.

5. WE ALSO REVIEWED THE PROBLEM CAUSED BY MEAT PROCESSED THROUGH FOREIGN TRADE ZONES FOR SUBSEQUENT IMPORTATION INTO THE U.S. AND EXPLAINED THAT, IN ORDER TO COMPLETE A SATISFACTORY SOLUTION BY AMENDING THE AUSTRALIAN AGREEMENT, WE WOULD BE PROPOSING TO ALL PARTICIPATING COUNTRIES WITHIN A FEW DAYS AN AMENDMENT TO ALL THE RESTRAINT AGREEMENTS UNDER WHICH MEAT IMPORTED TO THE U.S. AFTER PROCESSING IN A FOREIGN TRADE ZONE WOULD BE COUNTED AGAINST A COUNTRY'S RESTRAINT LEVEL. MINISTER DIAZ RECOGNIZED THAT SUCH AN AMENDMENT WOULD NOT MATERIALLY AFFECT PRESENT HONDURAN OPERATIONS BUT SAID THAT HE WOULD WANT TO CHECK WITH HIS PRIVATE SECTOR BEFORE REACTING TO IT.

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6. IN A SUBSEQUENT MEETING CHAIRED BY MARTINEZ IN WHICH EXECUTIVES OF FOUR MEAT PACKING FIRMS PARTICIPATED, WE REVEIWED AGAIN THE STATUS OF THE MEAT IMPORT PROGRAM. THE PACKERS ARGUED STRENUOUSLY FOR SOME INCREASE IN THE RESTRAINT LEVEL FOR HONDURAS EITHER AS A SPECIAL FAVOR TO A COUNTRY THAT HAD COOPERATED FULLY IN THE PROGRAM OR THROUGH A SHORTFALL REALLOCATION. WE REPEATED THE NEGATIVE RESPONSE WE HAD GIVEN DIAZ TO SIMILAR PLEAS.

7. UNWILLING TO SETTLE FOR THIS ANSWER, THE PACKERS SUGGESTED THEY SHOULD TRAVEL TO WASHINGTON TO EXPLAIN THE PREDICAMENT IN WHICH THEY FOUND THEMSELVES AS A RESULT OF HAVING SHIPPED MOST OF THEIR RESTRAINT QUANTITY BEFORE THE FINAL QUARTER, WHICH IS TYPICALLY A PERIOD OF HEAVY SLAUGHTER. TAYLOR AGAIN EXPLAINED THE CONSTRAINTS WITHIN WHICH THE USG WAS OPERATING AND EXPRESSED HIS BELIEF THAT NO ONE WITH AUTHORITY IN WASHINGTON FOR THE MEAT IMPORT PROGRAM COULD EXTEND ANY SPECIAL RELIEF TO HONDURAS EVEN IF A MISSION TRAVELLED TO THE U.S. TO PRESS THE CASE DIRECTLY.

8. FINALLY, THE PACKERS ASKED THAT DEVELOPING COUNTRIES, ESPECIALLY THE POOREST, BE GIVEN SPECIAL CONSIDERATION IN FUTURE PROGRAMS. TAYLOR EXPLAINED OUR EFFORTS TO THIS END IN THE PAST AND NOTED THAT WE ALWAYS HAD TO NEGOTIATE A MEAT IMPORT PROGRAM ON THE BASIS OF A FORMULA THAT IN THE END COULD BE ACCEPTED BY ALL MAJOR EXPORTING COUNTRIES.
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